



Protecting Montana's consumers through insurance and securities regulation

## Innovatively Expanding the Small Business Health Insurance Program

PUBLIC HEALTH, WELFARE & SAFETY

Exhibit No. 1

1 - 29 - 07

Date 1 - 29 - 07

Business SB 140

*Allowing the small business health insurance program to implement a wellness benefit, eliminate eligibility for premium assistance and incentive payments for qualified association health plans, and expand the group size for small employers.*

### Small Business Health Insurance Program, Insure Montana

Coverage is now a reality for thousands of previously uninsured Montanans. A Governing board appointed by Governor Schweitzer and State Auditor John Morrison has selected a carrier for the purchasing pool, designed two benefit plans, and created a monthly premium payment system for employers and employees with coverage made available January 1, 2006. Within one year of implementation, this program has made it possible for more than 3800 uninsured Montanans to start receiving health coverage through the purchasing pool.

Refundable tax credits are currently offered to small businesses in danger of dropping their current health insurance plans as a result of rising premiums. 40% of the Revenue is directed to this purpose. Over 700 businesses are benefiting from this refundable tax credit, covering over 3500 lives.

Small businesses that meet a few minimum requirements may qualify for the program. Businesses that have between two and nine employees where no employee makes more than \$75,000 (excluding the owner) meet the initial criteria.

### Implementing a Wellness Benefit- Investing In a Healthier Workforce

A worksite wellness program can be a beneficial way to help create a healthier small business community and keep insurance premiums down and at an affordable rate. An effective wellness program can also reduce workmen's comp claims, increase employee retention and reduce absenteeism. Offering a wellness benefit for pool members can help keep insurance premium costs down and would also help slow down premium increases for pool members. Providing a program that encourages good overall health is an important step to a healthier community.

### Provide Premium Assistance and Premium Incentive Payments Only to Pool Participants

Insure Montana currently has over 600 previously uninsured employers participating in the newly created Purchasing Pool. A total of 3,800 employers, employees and family members are covered through the purchasing pool and are receiving premium assistance and incentive payments from the State. Only 1 group has accepted coverage through one of our qualified association plans. The Insure Montana purchasing pool is separate from an association plan and would like to pursue rating structures and other innovative cost saving mechanisms that separate our program from what an individual can currently purchase in the marketplace.

Employers who already participate in an association plan and receive a tax credit from Insure Montana would be unaffected by this change.

## **Expand Group Size for Small Employers That Are Eligible for Premium Assistance and Incentive Payments**

Insure Montana accepts businesses that have at least 2 employees but no more than 9 eligible employees. Eligible employees include anyone who works 30 hours a week or more. Insure Montana would like to have the ability to expand coverage to employers who employ at least 1, including sole proprietors, but no more than 15 eligible employees. The State Auditor's Office and the Insure Montana Governing Board has received multiple requests to expand coverage outside the 2-9 eligibility size to make pool coverage available, even without the state subsidy payments.

### **Montana is a small business state**

One in five Montanans do not have insurance. This is upsetting, but even more troublesome is the fact that 53% of Montana's uninsured population works full time for small businesses. Most companies in Montana employ fewer than 10 people and are unable to afford health insurance for themselves or their employees. Many of these small businesses simply can't afford to provide insurance, in part because they don't have enough employees to seek competitive rates. And yet 80% have said that they would like to provide insurance to their employees, if only they could afford to do so.

Insure Montana has worked to bridge the gap between affordable and accessible health care for small businesses that were unable to provide health coverage for their employees previously. The Insure Montana Governing Board has created two health plans that offer comprehensive coverage for members. Plans include low deductibles, \$500 or \$1000, as well as two office visits paid at 100%, Preventative health benefits, and dental coverage.

**Insure Montana, SB140  
Written Statements For Insure Montana**

Compiled by the State Auditor's Office  
January 29, 2007  
Contact: Lisa Crowley  
406-444-2406

**Written Testimony #1**

This letter is in response to the services of Insure Montana provided for my company Big Sky Woodcrafters, Inc.

Insure Montana's program has greatly enhanced our Montana small business in the following ways:

1. Employee retention – Our Company can now afford benefits for our employees so they want to keep their jobs and care about keeping their jobs. With the unemployment rate as low as it is in Montana, it is hard to compete for employees.
2. As a self employed business owner it is nice to have affordable insurance and not have to worry about the extremely high deductible plans available to us.

Thank you Insure Montana!  
Big Sky Woodcrafters, Laurel, MT

**Written Testimony #2**

I am writing this response to say how happy we are as a business with the Insure Montana Health Program. If it were not for this program I would not have been able to afford to insure my two employees. I have four employees, a secretary that is insured by her father, a Physical Therapist that only works part time due to her new baby, a Physical Therapist and a bookkeeper that are insured under the program. They have told me over and over how they would not be covered by medical health insurance if it was not for their boss, myself, that took the initiative to figure out a way to make this necessity a reality. I am proud of the state of Montana for taking the tobacco settlement money and not putting it in the general fund but setting up this unique program to help the people of this great state. We can only say thank you to the Governor and all those concerned, and hope the funding continues for this important social program that benefits so many. Please feel free to contact me if further comment is required.

Sincerely, Eric Shelkey R.P.T. owner  
Active Physical Therapy  
506 W Story St  
Bozeman, MT. 59715  
406 586-7203

### **Written Testimony #3**

I just wanted to say thank you for the work you and your fellow coworkers do. With this program, I can actually afford decent health insurance through my employer and I've been able to go to the doctor when needed so that I don't crowd the ER with unnecessary visits. Again, thank you!

- Pamela Osborne

Employee

Century 21 Summit, Bozeman

### **Written Testimony #4**

I can't say enough positive things about Insure Montana. If it wasn't for the program we would have very little coverage and we could not attract great employees as we have now. I have a part time employee who can now retire early from teaching and work full time for us because of the program you offer. It has attracted people we normally wouldn't have had was it not for the Insure Montana Program.

As you know, starting a new business is costly especially in the first few years. When we heard about the program, we felt like our prayers have been answered. We are so grateful for all that Insure Montana has done for us. Our business is fashioned like an Old General Store, with an emphasis on Montana Made products. I can't begin to count how many local's we indirectly employ by selling their products. All these things help the community and make us feel like we are providing something that is needed. We certainly feel welcome in Montana and feel like The Insure Montana program is a way Montana is giving a giant hug to a small business trying to make a difference.

Sincerely,

Trinidad Carreon

Backdoor General Store

Whitefish, MT 59937

### **Written Testimony #5**

As a small business owner and participant in the Insure Montana program, I would like to say that this program is fantastic. I couldn't offer my employees health care benefits without the program. It has been a benefit that helps me retain quality employees which helps the Montana economy overall. The premiums are very reasonable and my employees can focus on work related issues more; rather than worrying about health care and the future. I applaud this program and hope that it can continue for years to come. One VERY satisfied business owner in Montana!

Kari Auclair

Freedom 1st Mortgage

Hamilton, MT

### **Written Testimony #6**

It goes without saying that having comprehensive medical insurance is an important issue today. As a business owner of Little People's Academy Preschool for over 10 years, it has always been a desired benefit for my employees. Every time I would consider providing medical insurance for staff, the cost was always prohibitive. Turnover in staff is such a dreaded occurrence that disrupts consistency and quality in any business. Retaining excellent teachers is a challenge and thanks to Insure Montana, I have an appealing way to compensate staff. Insure Montana was made possible by John Morrison. His insight and efficiency in making it possible to provide comprehensive Blue Cross / Blue Shield Insurance to employees of small businesses at a very affordable rate was a God Send. Several of my long term employees are now receiving medical benefits. These same staff would not otherwise be able to afford medical insurance for themselves or their families. The resulting satisfaction for my employees and myself has been fantastic. Employees are more apt to maintain a healthier lifestyle when health care costs are more affordable. Also, as was the case with one of my employees, she was able to have an operation to repair a ruptured ear drum that had been plaguing her for years and now her hearing is dramatically improved.

In any healthy economy it is important to have affordable medical benefits that give a family a sense of security for the future that positively reflects upon their personal and professional lives. As an employer the positive impact to Little People's Academy and our customers, the families that we serve, directly equates with our business's success. The medical benefits have literally been life changing for my staff.

Sincerely,  
Terry Quatraro  
Director/Owner  
Little People's Academy Preschool  
Bozeman, MT

### **Written Testimony #7**

I just wanted to send an email to say how this health coverage has helped everyone at our business. We are all so glad that you guys have helped make it affordable for us and we are 100% satisfied with the coverage we are provided. Please keep up the good work and thank you.

Bryan Staley  
E-Z Auto Sales  
23 N. 7<sup>th</sup> Ave.  
Bozeman, MT 59715

### **Written Testimony #8**

This has been the first year that we have had health insurance through Shafer's Auto Inc. We have been in business 32 years and have not been able to provide health coverage for our employees in the past. We lost a valuable employee due to the fact we were unable to provide health insurance. Now we can retain our employees because of the health benefit we can offer them. Our employees can now receive the proper health care which improves our productivity, so everyone benefits from this program. The families of our employees also benefit from this program by the ability to afford the health care they need.

This day and age one can't be without coverage. Thanks again for providing this much need program for small businesses.

Respectfully Yours  
Marci Shafer  
Vice President Shafer's Auto Inc  
Billings, MT

### **Written Testimony #9**

I would like to applaud the state of Montana for providing our company an affordable health insurance program for our employees. Without it we would not be able to offer this benefit. I am very pleased with the program and hope that we can count on using it in the future.

Thank you  
David & Terri Anaya  
Owners of Gateway Glass  
Helena, MT

### **Written Testimony #10**

As an independent small business owner, I have been able to provide insurance to my office staff, myself and my spouse. Until Insure Montana was initiated none of us had any health insurance. None of us were able to afford health insurance before. The tax incentives make the insurance affordable. The plans are flexible and cover the costs of health care quite adequately. I appreciate the states and legislative efforts in implementing this program. I feel it is tax dollars well spent. Please continue funding Insure Montana.

Thank-you  
Caralynn Moore, NP  
Moore Medical Clinic  
19 1st ST NE  
Choteau, Mt. 59422

### **Written Testimony #11**

In all of the propaganda about what our state legislature is doing for small business, this is the first one that has actually happened. This program has taken away the embarrassment of having little to offer employees and competing with big business. Small businesses allow people to work close to home. Our employees are excited and willing to participate because of the affordability and the sense of independence it provides. Most people do not want a hand out; they just want prices and services to be affordable. Small town atmosphere is just a part of the appeal of life in our beautiful state. The incentive program assures folks that our state cares and is actually doing something to help with affordable programs allowing them to stay in Montana and maintain that country life style that is so appealing. This has been the biggest boost to our business in terms of hiring we have ever had. The second great plus of this program is allowing working business owners to participate! They are often not making any more than an employee. Thanks again for your help in maintaining this program.

Sincerely,  
Beverly Nickish  
Small Business Owner

### **Written Testimony #12**

This is just a quick note, in regard to the Insure Montana program. My husband works for a small Napa store and we have never had the opportunity to have health insurance, I am a self-employed hair dresser. We have been on the Insure Montana program since August and it is making a huge difference in our life. I am an asthmatic that is now able to get the medicine I need to breath and our child can have access to medical care. Thank you so much for allowing us to be on the Insure Montana program.

Gina Dale  
Insure Montana participant  
Conrad, Montana

### **Written Testimony #13**

I think the Insure Montana program is one of the best programs that the state has came out with in the last few years. As an Ag based employer, it has helped with the ability to provide group insure to our employees and also to their families. Without the Insure Montana program, we would be unable to afford to provide health insurance and consequently would be at a severe disadvantage in terms of hiring or retaining a quality workforce.

I encourage the State to continue this program or if possible, expand and enhance it more.

Jack Holden  
Holden Herefords  
Valier, Montana

## Written Testimony #14

We have subscribed to the Insure Montana Program since July of 2006. We feel that the program provides coverage for many Montanans who would either not be able to ascertain such insurance, or those that otherwise would not be able to afford quality health care. We feel the program is extremely sound insofar as being able to offer quality health care to many more Montana residents.

We find that the benefits provided by Insure Montana actually surpass many of the other benefit packages offered in the private sector at a higher price.

Qualification for Insure Montana is very easy and straight forward. The benefit packages insofar as dental have actually increased from one visit a year to two visits at no additional costs.

The prescription benefits are also easy to negotiate and provide a definite advantage to the members of Insure Montana.

The claims process is very straight forward, clear and easy to negotiate as well.

We believe that the program and the product is well thought out, provides a distinct benefit and services the residents of Montana with an outstanding product.

Thank you for your inquiry regarding the Insure Montana program and our experience therewith. If you have any further questions, please do not hesitate to contact us at 406 250-2060.

Yours very truly,

RICHARD S. UDELL  
Insure Montana participant  
Bigfork, Montana



## Written Testimony #15

First I want to thank Montana State Auditor John Morrison, the Insure Montana Directors, and all the staff for the Insure Montana program which of course includes you Lisa.

I have spoken numerous times at Chamber of Commerce monthly city meetings explaining a little about HB 667 and the Insure Montana program and how it could possibly benefit small businesses that currently do provide group health insurance, and for small businesses who currently do not provide group health insurance for their employees.

Having been born and raised in Conrad and an insurance agent in Conrad for over 28 years, I feel I have developed a strong sense and understanding of the importance of health insurance. Over these years I have seen numerous employers, families and individuals cancel their health insurance plans as it became unaffordable to them and their employees. I have had employers come to my office in tears when they requested their group health policy be cancelled as they and their employees could no longer afford the premiums. It was very hard for the employers to make this kind of decision knowing that their employees and families would no longer have group health insurance.

The Insure Montana program has proven to be an answer to affordable group health insurance for small groups who otherwise could not afford health insurance. Of the more than forty small groups who have elected to purchase the Insure Montana group coverage through our office, at least 70% of them I had previously contacted to purchase Group health coverage. That 70% plus elected not to provide group health coverage due to the high cost. In addition, over the years I have seen employers shift more of the cost of health insurance to their employees who eventually could no longer afford to cost as well.

Insure Montana addresses this issue by providing greater assistance to those employees with lower incomes and to employers in the form of an incentive. The program works beautifully plus now we are insuring employees and their families who would otherwise not have health coverage. I am certain that well over 50% of the employees who are now on the Insure Montana plan previously had no coverage for themselves or their families.

The State of Montana should be extremely proud of this program as it has benefited so many employees and their families. I have had numerous employers tell me that since they now have an excellent and affordable group health plan in place that the employee turn over rate is much lower and they have seen a definite improvement in employee attitudes and morale at work.

Hospitals, Doctors, and Dentists must especially like this program as many of their clients now have health insurance which previously did not. This would help eliminate an accounts received problem. In addition, those who now have coverage will probably not

wait until a medical condition gets so bad that they have no choice but to go to a professional provider for treatment. Often times they wait too long resulting in long term medical problems and many more days out of the work place.

The tax credit program has been extremely beneficial as well as many small groups were really struggling with the high cost of group health insurance and many employers did not how much longer they could afford to provide health insurance to there employees. At least for now these groups have a second wind and are much more encouraged and appreciative of the Insure Montana program and continue to provide group health insurance for their employees.

I would grade the Insure Montana program an A+ a true success story, and hope and pray our Legislatures understand, and have seen first hand the positive impact it has provided Montana employees and employers. I would strongly encourage our representatives to continue the funding and ask that they enhance the program by providing more funding to make this program an even more successful program for all of Montanans.

Respectfully,  
Howard L. Bouma  
Northern Montana Insurance Services  
PO Box 726  
Conrad, MT 59425  
[howard-bouma@leavitt.com](mailto:howard-bouma@leavitt.com)  
877-278-3263  
406-278-3532 (fax)

#### **Written Testimony #16**

I can't begin to express my gratitude to Governor Brian Schweitzer and State Auditor John Morrison for providing Montanan's with the Insure Montana Program. I have been an insurance agent for Western States Insurance for 10 years. In that time, I have worked with many small businesses on the property casualty side. During all of the conversations regarding their business and what they would like to achieve, the focus continually shifted toward health insurance and the desire for their small business to provide health insurance to their employees. The lament was always the same, the small employer just couldn't afford it, and I believe them. Thanks to the Insure Montana program, companies can now offer coverage at a price most employers can afford. It has given me an incredible amount of pride to know that our State is leading the way in helping small businesses achieve their goals. Employers have been absolutely delighted with Insure Montana and would like to see it continue. The staff at the Auditor's office has been great to work with as well as Blue Cross Blue Shield. Thank you again for all of your efforts.

Peggy Young, CIC, HIA  
Western States Insurance  
406-758-4221

### **Written Testimony #17**

We would like to thank John Morrison for introducing his plan "Insure Montana". Rogers Jewelers employs six full time employees. As a small business, we could never afford to have health insurance for our employees with the cost of insurance. Now with the help of "Insure Montana" four employees have the health insurance, two employees have insurance with their spouses.

One employee has not been to the doctor in twelve years because she had no insurance, now she feels that she could go and it will not be a burden on her family. The insurance is affordable for her and her family.

This is an affordable way to offer health insurance to our employees, which improves their quality of life and the morale at work.

Thank you,  
Daryl Rogers

Rogers Jewelers  
1205 3<sup>rd</sup> Street Northwest  
Great Falls, Montana 59404

### **Written Testimony #18**

I am writing in regards to the Insure Montana Program and how it has helped me and my employer's family. I am able to participate in this program through my work place, Choteau Country Club.

This is a great program in which enabled my family of three, including one of which is an infant, to obtain health insurance. This was important to us because we did not qualify for Chips or Medicaid because we have a modest income. Anyone knows that a modest income doesn't get you that far when you have to pay doctor bills, hospital bills, student loans, as well as the cost of everyday living. This program was the only way for my family to have quality health insurance.

My employer and family appreciate and strongly support this program and need it to continue. We feel very fortunate to have people that care about us and other small businesses in Montana. Thanks for such a great program.

Thanks again!

Ken, Katie & Kellen Meyer  
Susie Durocher  
Insure Montana participant  
Choteau, Montana